MARKETING & MEDIA
DECISIONS
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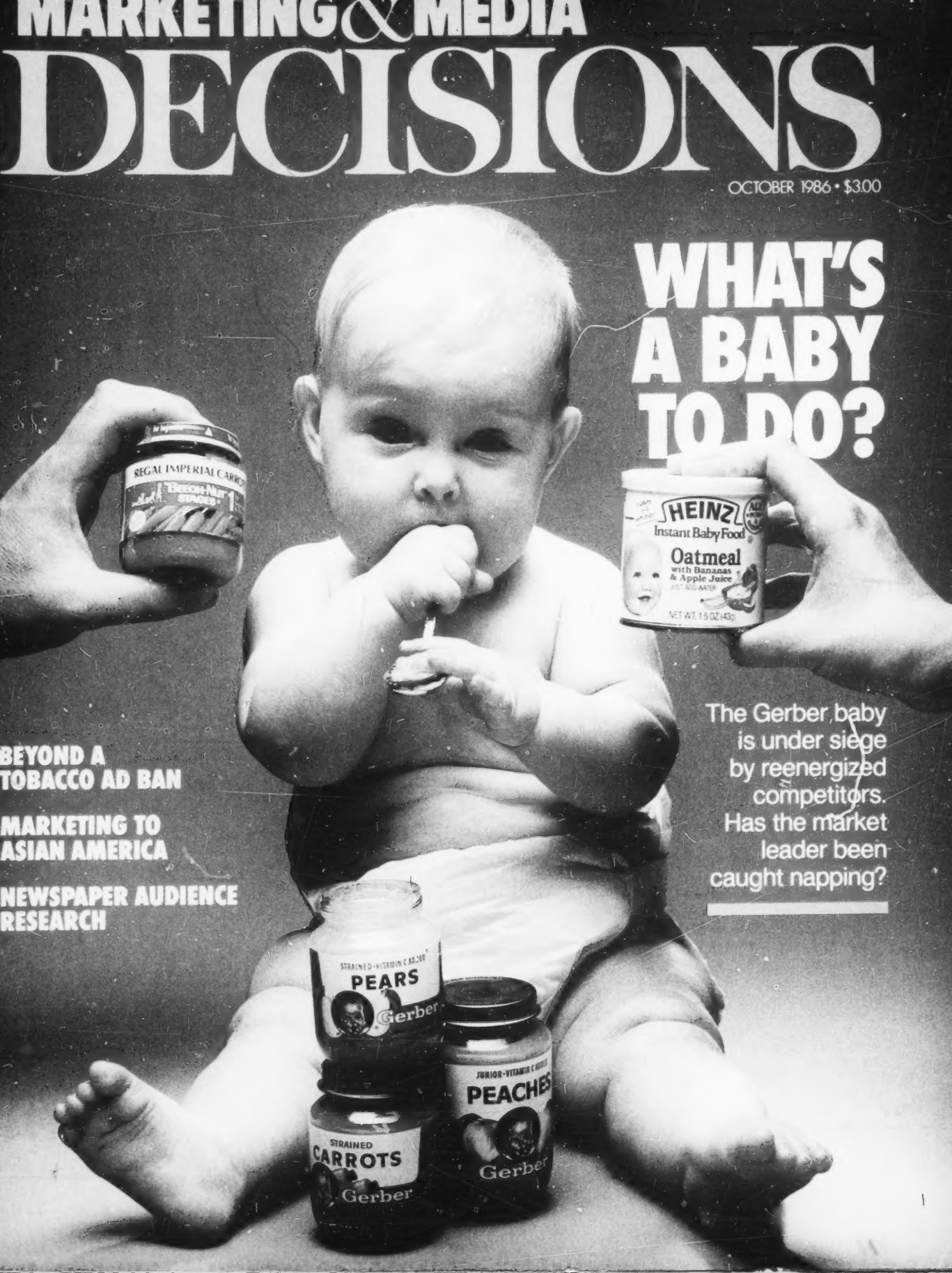

The Gerber baby is under siege by reenergized competitors. Has the market leader been caught napping?

BEYOND A TOBACCO AD BAN

MARKETING TO ASIAN AMERICA

NEWSPAPER AUDIENCE RESEARCH

MARKETING & MEDIA DECISIONS

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If you think it can't be done, think again. Tobacco and spirits advertisers don't like to consider what their world would be like after a ban. Some marketing experts say there are still plenty of other options.

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There are too many rooms left vacant already, but Sheraton, Marriott and Holiday Inns keep building. To turn on those no vacancy signs, the industry is turning to marketing.

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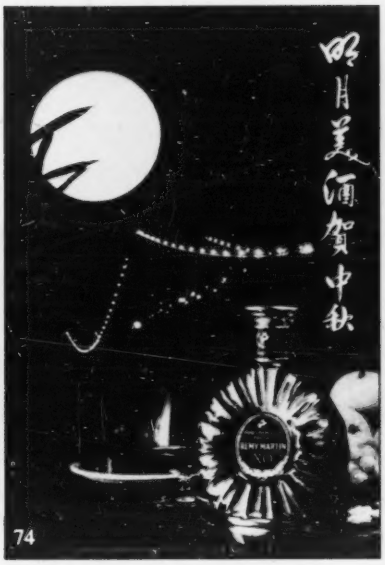
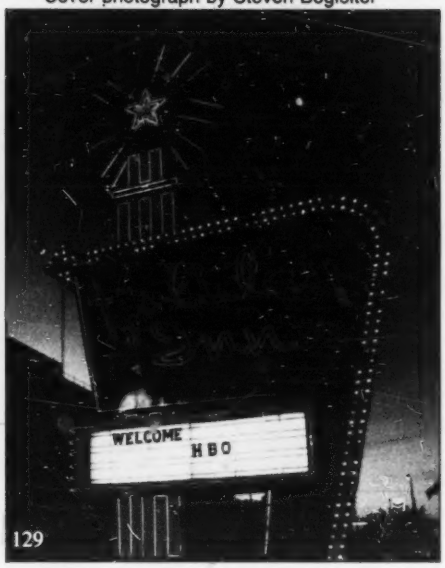
Serenity helped to lure him, but Steve Auerbach is no retiree. He takes over as senior vp and director of network programing at Ally Gargano/MCA Advertising. And here's looking at those cosmopolitan "girls" behind Esquire's *New York Woman*.

October 1986, Vol. 21, No. 11

Cover photograph by Steven Begleiter





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One score and not so long from now, newspapers will grow more competitive and begin offering advertisers lower rates and better circulation data.

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Merchandising allowances, circulation guarantees and premium positioning are suggested as ways to justify magazine rates.

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LETTERS

THE COSTS OF PUBLISHING

Mike Drexler is quoted in your August issue as saying ". . . Magazines haven't had any big increases in postal costs . . ." His statement was made in a sidebar to Rebecca Fannin's article, "Can Publishers Jump the Hurdles?" which is an exploration of intent to raise ad rates in 1987 by major magazines.

Mr. Drexler is obviously not aware of the second-class permit increases that we've had to absorb. Our rates have gone up by about 40% over a year ago, which, with our 1,750,000 circulation, adds up to a lot of bucks. The loss of in-county postage advantages has been the cause of most of our increase. I'm sure other magazines have suffered the same fate.

I will agree that paper prices have stabilized, but production costs continue to rise even though at a slower pace than recent years.

It is likely that we will limit rate increases to 5% or less and as far as we're concerned, that's a break-even trade of dollars.

I'm wondering if other magazines have also found disagreement with Mr. Drexler's opinions?

Barc Wade
Executive Editor,
Home & Away

A SUNNY NOTE

Just a note to compliment you on the fine article you did on the outdoor medium in *Marketing & Media Decisions*' August issue.

From our industry standpoint, and I believe from your readers' standpoint, you did an admirable job.

Bill Wilkins
President,
Institute of Outdoor Advertising

CORRECTION

In the August feature on media costs, the wrong chart ran under the heading of "The Top 10 Consumer Magazine Advertisers." The following is the correct breakout according to Publishers Information Bureau.

Top 10 Consumer Magazine Advertisers—1985

	(000)	Percentage gain/loss over 1984
Philip Morris Inc.	$215,003.0	+ 13%
R.J. Reynolds Industries Inc.	$164,137.8	– 20%
Ford Motor Corp.	$114,708.0	+ 16%
General Motors Corp.	$104,059.6	+ 5%
Procter & Gamble Co.	$93,134.1	+ 42%
AT&T	$88,136.9	+ 10%
Chrysler Corp.	$72,672.4	+ 14%
CBS Inc.	$60,404.9	+ 27%
IBM	$52,534.6	– 16%
Beatrice Companies Inc.	$43,483.5	+ 1%

Source: Publishers Information Bureau

MEDIA COST KUDOS

Obviously I read "Anything But Business as Usual" with great interest and want to congratulate you on a cogent, timely and accurate article including, of course, the sidebar.

Of equal quality and clarity was your article "A Clash Over How Much is Too Much?"

In fact the entire issue was fascinating to those of us who are in the media business, so congratulations are in order all around, to Fred, Carol, Marianne, Alan, Rebecca, Les, Carl and Jerrold, for a saver issue.

Karl E. Kaufmann
Manager,
Corporate Marketing Communications
Staff Marketing Services
3M

ARBITRON ASSERTS ITSELF

In the spirit of "competition is healthy," I was delighted to see your article on Bill Livek of Birch Radio in your August issue.

Once I read it, of course, my feelings changed. A profile is not a forum for an attack on a former employer.

Arbitron has certainly not forgotten its roots in radio, nor do we treat it as a second cousin. Arbitron radio is as strong as ever. In the last year we have introduced a variety of new radio products and services and have gained clients both on the agency and station side. Without us, it is doubtful Birch Radio would survive in its present form.

Nan B. Myers
Press Relations Specialist,
Arbitron Ratings

Sponsorship of regional events, perhaps an ethnic food festival, have been used effectively, and these would become more important. You could sponsor everything from concerts to charitable fund-raisers and art exhibits.

Getting the brand displayed in movies and tv would be another way to build the image. For example, you could show Chivas Regal being consumed at a trendy party.

You could also create "heavy users" clubs. They would be built upon the "green stamp" concept, where purchases are stimulated by collections of stamps that can be traded in for gifts.

Then, you would probably want to get more involved with licensing. For instance, if you were California Cooler, you might have swimsuits or sunglasses that reflect the surf scene.

To create a positive impression, you might want to sponsor surveys on trends. For instance, there could be the Marlboro lifestyle study on divorce, baby boomers, or whatever. You could look into sponsorship of direct mail programs that encourage people to go out and vote. Or you might initiate programs that are geared to stopping smoking or drinking. That would be good public relations.

In a reader poll, 84.1% feel the tobacco debate will set the stage for further legislation.

Then, you might also look at new methods of distribution. To get your brands better positioning, you could sell them in kiosks placed at high-traffic locations, like shopping malls, bus terminals or airports. But you would have to have something that would draw them into the store, like perhaps a newsletter or magazine. You could sell competitive brands if you wanted to, but you would give better display to your own brands.

OUR READERS TELL US . . .

The national trend, both in advertising and towards the media, is towards restriction. The public seems to support a tighter rein both on the what products are advertised and how, and what media are available and to whom. Research USA in Chicago went to a sampling of readers at agency media departments to get their reactions to this new attitude. (Base: 126)

1. Do you think there will be a total ban on tobacco advertising enacted in 1987?

Yes	15.1%	No	81.7%
Don't know/no answer			3.2%

2. Do you support such a ban?

Yes	34.1%	No	64.3%
Don't know/no answer			1.6%

3. Do you foresee the tobacco debate setting the stage for other restrictive legislation regarding advertising?

Yes	84.1%	No	15.9%

4. If "yes," which categories do you think are likely targets for such actions? (Base: 106)

Beer and wine	70.8%
Liquor	93.4%
Over-the-counter drugs	14.2%
Contraceptives	30.2%
Children's advertising	28.3%
Other	2.8%

5. Recently, some retail outlets have taken *Playboy* and *Penthouse* off their racks, seriously cutting into their newsstand sales. Other magazines, like the rock music press, are experiencing similar distribution problems.

Do you see this trend continuing?

Yes	76.2%	No	23.8%

6. Would you adjust a print schedule to avoid placing a client in a controversial publication that otherwise meets your target criteria?

Yes	60.4%	No	32.5%
Don't know/no answer			7.1%

Richard Gerstman, *principal, Gerstman & Meyers Inc., a package design firm.*

The package would have to carry the advertising impression to the shelf. Instead of brand emphasis on the packages, you could have lifestyle swatches blistered on the packs. The pack would have to communicate flavors, target the consumer and possibly even give directions on how to smoke.

Liquor advertising relies to a large degree on imagery, less so on quality or taste. What I'm saying is that often the imagery justifies the pricing differential. Because you would have a tough time reinforcing price points for the premium brands, you would have to go to a premium packaging, like an overwrap. Right now, the packaging of high- and low-priced scotch is not much different.

Chester Kane, *partner with Kane, Bortree & Associates, Inc., a new product shop.*

Brands with a stronger identity to begin with would do better. The Marlboro image would last longer than a low-tar story like a Carlton. And premium brands that might be able to retain that identity longer might also benefit.

In comparison to the tobacco advertisers, the distilled liquor marketers are weaker in impressions and awareness. They spend less, far less on advertising than tobacco companies.

But you could still make a statement even without advertising by having the name of the product tell the story. That's where you have the meat.

You might also want to consider selling small sample sizes of the product, like a few cigarettes for a quarter. Or you could cut the price of the product itself.

Certain brands have been built without advertising, but it is a slow build. To get into the big time, you would have to do broad-scale promotion. Licensing would be a good avenue to explore.

You want to know what the ideal would be? It would be product improvement. Perhaps a non-carcinogenic cigarette that would satisfy smokers' requisites. I mean, look at the development of NutraSweet after cyclamates were banned. ■

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TELEVISION

by Betsy Frank
Vice president, associate media research director, DFS-Dorland Worldwide

WHEN VCR MEETS NBC

When the networks have a good year, there are implications beyond program ratings and shares.

By all accounts, 1985-86 was the season the networks proved their critics wrong, the year they maintained their share of viewing and halted a precipitous seven-year audience slide.

But recent research also suggests that a good year for the networks has an impact on when, how and how much Americans use their video cassette recorders. For instance, while the three networks' prime share of *viewing* last season was about 75%, their share of *recording* was closer to 80%!

We compared published meter-based Nielsen data for 1985-86 with 1984-85. As of July 1986, VCR penetration based on installed NTI sample households was 29.1%, still below most estimates, but closing the gap. So while Nielsen data showing the impact of VCR's on a national basis continues to be understated, we feel more confident using it now than in the past.

Here are some highlights from our analysis:

- The number of minutes of recording was essentially unchanged from a year ago.

During 1985-86, VCR homes recorded an average of three hours per week, with the high point achieved during the fall and winter (original season), and dropping off in the spring and summer.

- Prime time, however, accounted for a larger share of recording than a year ago.

During 1985-86, probably as a result of the generally positive viewer reaction to network programing, the prime time share of recording increased significantly:

VCR Recording in Primetime

1984-85	1985-86	
38%	44%	+16%

Source: Nielsen

- More recording was done while viewing the same channel, and less was done with the set off.

During 1985-86, VCR owners found programing that was worth both viewing *and* recording, since one-third of all recording was done while viewing the same channel (versus one-fourth during 1984-85), and recording with the set turned off was down to half:

VCR Recording by Set Status

	Set Off	Set On	
		Different Ch.	Same Ch.
1984-85	60%	16%	24%
1985-86	50	17	33

Source: Nielsen

So far, then, everything suggests that Americans found not only more to view in prime time this year, but more to tape as well. Here's the clincher:

- Recording to the networks was up almost 20% over a year ago.

During 1985-86, the networks were being recorded over 70% of the time, versus 60% the prior season.

24 Hour VCR Recording to Networks

1984-85	1985-86	
61%	72%	+18%

Source: Nielsen

And in prime time, the network share of recording was even higher:

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Harvard Business Review

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75%, up from 67% in 1984-85.

Need some more evidence?

- Night-of-the-week recording activity continued to follow network scheduling patterns.

Not surpisingly, Sunday was still the heaviest recording night, with all three networks broadcasting made-for-tv movies or kicking off a mini-series, and the pay networks often premiering their own blockbusters.

Share of Recording by Night of Week

	1984-85	1985-86
Mon.	11%	11%
Tues.	12	12
Wed.	12	12
Thurs.	10	10
Fri.	15	17
Sat.	23	21
Sun.	17	17

Source: Nielsen

- VCR recording of network programs was correlated to programing perceived as "special."

On average, approximately .1 to .2 of a prime or daytime program ratings came from homes recording with the set off or viewing a different channel. But according to NTI's "Special VCR Analysis," the programs with the most recording activity were usually so-called "special events," which were often scheduled opposite other "special events," especially during the all-important sweeps months.

However widespread VCR's and cable are, net tv still sets the pace.

During the fall and winter, between 60% and 80% of all prime time program ratings contained some VCR contribution. The peak was in February, when almost four-fifths showed some contribution, and 8% showed recording accounting for more than half a rating point. But since the end of the original season, well over half of all programs showed no contribution of recording to their ratings, and only Liberty Weekend coverage included a significant contribution.

Percent of Total Programs VCR Contribution (AA%)

	0	.1-.5	.6-1.0	1.1+
Oct. 85	41%	57%	2%	–
Nov.	30	66	4	–
Dec.	32	66	2	–
Jan. 86	26	70	4	–
Feb.	22	70	7	1%
March	27	70	3	–
April	32	64	4	–
May	36	60	4	–
June	56	44	–	–
July	53	46	1	–

Source: Nielsen

Clearly, Nielsen has been able to provide us with fairly complete data on VCR recording. But even the limited data available on play activity suggests that this function has also been affected by a successful network season. For example:

- Play activity was up by almost one half-hour over 1984-85.

The average VCR home played tapes — either pre-recorded, recorded with a camera, or recorded off-air — an average of 280 minutes a week during 1985-86, an increase of 23 minutes over the previous year. During February, in fact, play was up by one full hour, perhaps reflecting playback of those network movies and mini-series recorded that month.

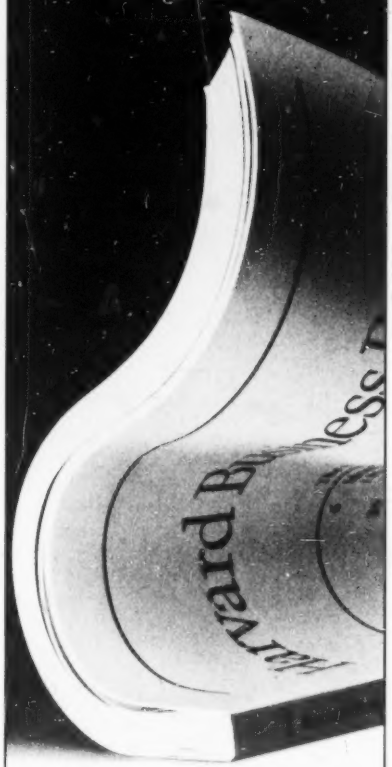
- Prime time play activity was more likely during repeat season.

Prime time accounted for one quarter of all play activity on average, but dropped to about one-fifth during the fall and winter, and approached one-third in spring and summer. Again, this points to more attractive viewing alternatives during the original season.

- Night-of-the-week play activity also followed network scheduling patterns.

Saturday received the highest share of play activity, which paralleled low HUT levels and low network shares. Thursday, with its strong NBC lineup, got the least play activity.

COMMAND POST.



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Share of Recording by Night of Week

	1984-85	1985-86
Mon.	15%	15%
Tues.	11	13
Wed.	13	13
Thurs.	13	15
Fri.	15	11
Sat.	9	10
Sun.	24	23

Source: Nielsen

Where does this leave us?

As VCR ownership has increased, as the metered sample has approached reality, and as Nielsen has published more in-depth reports, our knowledge of VCR user patterns has continued to grow.

But remember that in any consideration of the impact of a "new medium" or "new technology":

1) Do not underestimate the "old medium."

For 40 years, the broadcast networks have successfully programed to mass audiences. Today, when cable networks need to increase their ratings, they turn most often to comedy series, often off-network. VCR ownership, like cable subscribership, does not result in a rejection of network tv.

2) The word "new" can be seductive.

In the late 70's and early 80's, many were predicting a cable dial resembling a special interest magazine rack. Who would have imagined *Riptide* on U.S.A., *Buffalo Bill* on Arts & Entertainment, or *The Monkees* on MTV?

3) There are other variables.

Pay tv has had a difficult year, with subscribership flat, ratings down and complaints about inferior and duplicated product. With less recording outside of pay (despite industry promotion), did the networks merely pick up the slack, or was better network programing part of the pay tv problem?

Comparing the season just past to the one before us reminds us that however widespread video cassette recorders — or cable — may be, and however much control they are providing the viewer, network tv, for the time being, still seems to be setting the pace in television viewing and set usage. ■

MARKETING

by Gerald Eilers

Director of marketing services, Isidore & Paulson, Inc.

SNUFFING OUT THE MEDIA BLUES

Recently an old friend reminded me (gently, of course) that advertising agencies are paid by their clients to supply strategically sound, imaginative ideas to foster sales growth. We at the agencies are supposed to be "idea guys" — and that means *all* of us — whether we work in creative, account management or media.

Then my friend told me how a travel destination creatively used his publication to achieve spectacular results. From one multi-page insert, the client had received 14,000 responses in a week and as many as 7,000 in one day! I felt sheepish because for months I wanted my client to test the very same concept. Yet I never costed it out for them because they thought they couldn't afford it. (As you read this, I will have figured out the cost, and my client will have decided to act on it or not.)

Multi-page inserts are an especially effective means of selling several items in a broad product line or presenting different facets of a complicated product story line that can't be done in a single page or spread. Costly? Yes. Effective? A very *definite* yes.

All of this is a roundabout way of talking about agency complacency. The books we used last year worked,

BRAND REPORT

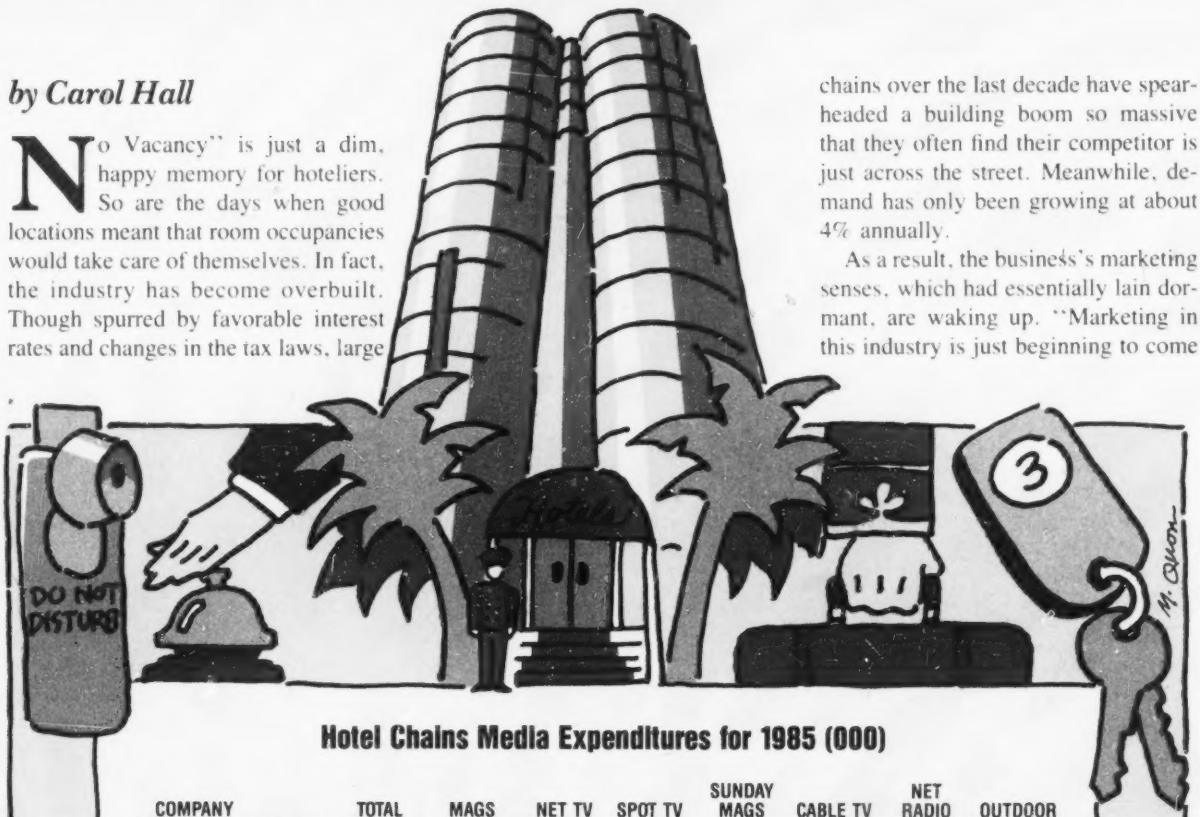
No. 137: Hotel and Motel Chains

ROOM SERVICE

by Carol Hall

"No Vacancy" is just a dim, happy memory for hoteliers. So are the days when good locations meant that room occupancies would take care of themselves. In fact, the industry has become overbuilt. Though spurred by favorable interest rates and changes in the tax laws, large chains over the last decade have spearheaded a building boom so massive that they often find their competitor is just across the street. Meanwhile, demand has only been growing at about 4% annually.

As a result, the business's marketing senses, which had essentially lain dormant, are waking up. "Marketing in this industry is just beginning to come



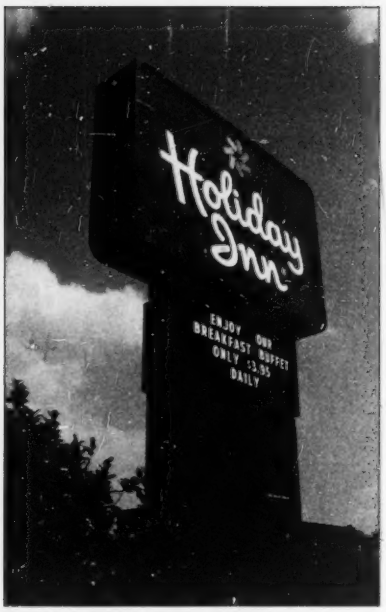
MIKE QUON

Hotel Chains Media Expenditures for 1985 (000)

COMPANY	TOTAL	MAGS	NET TV	SPOT TV	SUNDAY MAGS	CABLE TV	NET RADIO	OUTDOOR
BEST WESTERN	$3,788.4	$1,332.9	–	$217.1	–	$520.8	$818.2	$899.4
DAYS INNS	1,644.5	66.2	–	6.0	–	–	497.5	1,074.8
HILTON	18,287.3	8,826.5	4,929.5	2,584.7	173.9	124.3	–	1,648.1
HOLIDAY INNS	14,367.9	7,015.5	–	1,948.3	493.6	3.6	1,122.5	3,784.4
HOWARD JOHNSON*	4,224.4	65.9	2,472.0	68.9	–	74.3	–	1,543.3
MARRIOTT	2,632.2	897.1	–	976.3	396.6	0.2	–	362.0
MOTEL 6	246.4	5.8	–	–	–	–	–	240.6
PRIME	53.0	31.0	–	–	–	–	–	22.0
RAMADA	6,065.5	1,721.4	2,314.3	280.3	119.6	100.0	–	1,529.4
QUALITY INNS	1.1	1.1	–	–	–	–	–	–
SHERATON	8,325.9	4,469.4	1,152.1	850.8	78.3	67.6	529.9	1,177.8

* In 1985, Howard Johnson was purchased by Marriott Corp. from Imperial Group PLC of London. Marriott subsequently sold pieces of the chain to Prime Motor Inns.

Source: Leading National Advertisers; Newspaper expenditures are not broken out by company. According to Media Records, the Lodging industry spent a total of $189,451,000 on newspaper advertising.



Holiday Inns is attempting to update its image. To wit: out went the familiar neon (left), in came a more modern look (right).

of age," proclaims Roger Dow, vice president of marketing at Marriott Corp. "Marketing for many hotel companies still means direct sales. With the emergence of the large hotel chains, the industry is just beginning to focus in on modern marketing techniques."

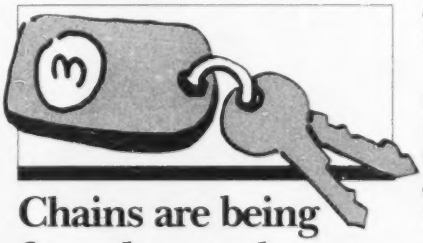
The lodging industry has undergone enormous change. The 1940's had its mom-and-pop roadside establishments and the 1950's, its loosely banded hotel groups. Then, in the 1960's, when family vacations by car were becoming increasingly popular, the chains that are so dominant today took root.

The lodging industry, according to Mike DeLuca, editor of *Hotel & Motel Management* magazine, has grown to a $43.1 billion industry, up from $41.4 billion in 1985. According to Smith Travel Research, there will be more than three million rooms available by 1990, up from the current total of nearly 2.7 million. That 300,000 extra rooms is akin to the launching of a dominant hotel chain.

With demand relatively flat at 600 million rooms per year, this will mean big problems for some hotels and motels. Chains are being forced to try to steal share, and that means more retail and promotion-oriented marketing, and less image advertising in the increasing competition for "heads in beds." The industry's average occupancy rate hovers dangerously around the 65% level, the same point experts say a hotel has to meet to make a profit.

Lower occupancy rates translate into an especially bitter pill. Once a night passes and a room remains unoccupied, there's no making up the loss with sales or mark downs. "The hotel business is extremely retail oriented. Its product has no shelf life," points out Sheraton Corp.'s Robert Quinn, vice president/director of advertising.

The modern hotel industry also has adopted market segmentation, both by price and customer type, in a big way. While some in the industry have broken down the market into as many as 18 segments, according to DeLuca, most recognize three main categories: the economy segment with rooms for $40 a night and below; the mid-priced range with rooms at $40 to $80 per night; and the luxury class, those charging more than $80 nightly.



Chains are being forced to steal share — that means more promotions, less image advertising.

The luxury segment, with properties usually located in metropolitan areas, is usually pointed to as the most overbuilt. But everyone agrees that each group is glutted. A survival-of-the-fittest shakeout is predicted for each segment, and a wave of mergers and acquisitions is already underway.

An important new type of lodging found in all price segments is the all-suite hotel. It features a bedroom, small kitchen and living room. In addition, the spa hotel, featuring a full array of exercise facilities, will become more important, lodging observers say.

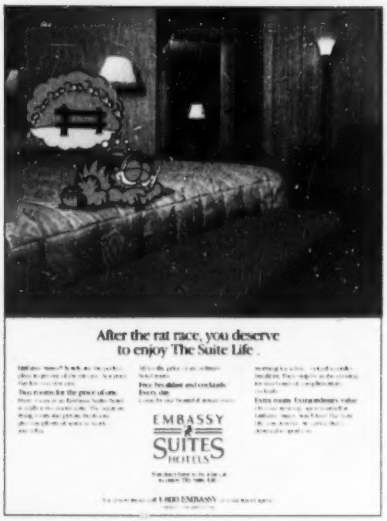
Many fear so much segmentation will cause consumer confusion. "Right now all the hotels are getting into everything," exclaims Steve Stark, assistant editor at *Business Travel News*. "It's getting so cloudy, it's hard to tell who's in which segment." But others point out that consumers themselves are already segmented: People simply need different types of lodgings at different times.

Customers have been grouped and marketed to in every possible way. Senior citizens, with their growing propensity to travel and expanding pool of disposable income, are a favorite target of the major chains. So are women business travelers, a group that already accounts for a third of corporate guests. And as business travelers, male and female, make up the bulk of the industry's guest lists, hotels have had to offer special weekend-rate packages to fill beds during off times.

What follows is a look at the advertising and marketing efforts of the ten largest chains. Market leadership has been based on a chain's domestic room count, totaled by Laventhol and Horwath, an accounting firm that focuses on the lodging industry. (Note: Newspaper ad expenditures for individual chains are not available. See chart.)

HOLIDAY CORP.

Holiday Corp. dominates the domestic hotel business with its 266,927 rooms. The company has taken the segmentation strategy to heart and, with



Embassy doesn't just advertise to the still-young all-suite market.

its numerous divisions, has a lodging line for nearly every price segment. "Holiday runs itself like General Motors," explains Stephen Brenner, a hotel consultant. "They have separate divisions like GM has Cadillac, Buick and Chevrolet."

The largest division is **Holiday Inns,** familiar to anyone who has ever driven on America's interstate highway system. Though the chain has extremely high brand awareness, management has recognized Holiday Inns can't rest on its reputation. Indeed, many travelers had been drawn away from Holiday Inns as they were lured from highway travel to discounted air travel. One way the chain is trying to beckon them back is by replacing its "frankly dated" pink and green neon signs with re-designed ones, says Ray Lewis, vice president of systems marketing.

As with the industry in general, the largest portion of Holiday's customers are business travelers. But Holiday Inns, nonetheless, was recently forced to drop a discount promotion program for business travelers. It lost its effectiveness as more and more lodging companies offered it, says Lewis. Others, however, say the company found it too costly.

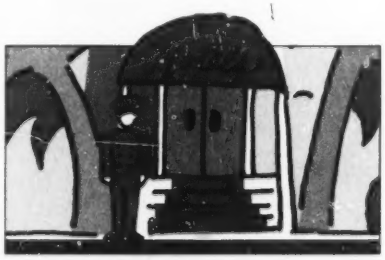
Holiday is one of the few lodging chains that advertises to the black market. Its black guests fall mostly into the business traveler category, says Lewis, adding that for leisure travel, blacks tend to stay at more upscale lodgings. The company's ads pitched at this market run only in *Black Enterprise*.

Older people and female business travelers also receive marketing attention from the company. The 55 year-old-and-over market is pitched to with the Travel Venture Club, a promotion that offers room discounts as well as special deals in restaurants. And with women accounting for 25% of all the industry's room nights and one-third of its business guests, Holiday plans to launch advertising and a promotional program aimed at women later this year.

For the Holiday Inns chain, ads for the first part of 1986 were image-oriented, but since April, have shifted to price promotion ads. Print buys for the year cover a wide range and include *Time, Newsweek, National Geographic, Reader's Digest, Business Week, People* and *USA Today*.

With "Holiday Inns Hospitality Promise" serving as its advertising banner, the company is buying into network television this year to the tune of $7 million to $8 million, according to Lewis. Buys include the Super Bowl and other sports features and prime time shows such as *Moonlighting* and *Cheers*. Spot buys include early and late news shows as well as some fringe buys. Radio buys are made, says Lewis, in the top 50 markets.

In addition, Holiday Inns receives advertising support from the division level, where it is grouped with another chain, **Crowne Plaza,** a four-year-old property with 50 hotels. The division supports both chains with $25 million



Holiday Inns: "They have separate divisions like GM has Cadillac, Buick and Chevrolet."

Another segment manifests itself: "residential-style" suites.

in advertising and marketing this year. In addition, both can take advantage of a corporate promotion, which features discounts of over 50% on room rates to weekend guests.

While Holiday Inns is positioned squarely in the mid-price segment, the Crowne Plaza chain puts itself at the upper end of the mid-priced range. It largely targets the business traveler who wants the extras and offers, for example, two restaurants per facility. The corporation sees Crowne Plazas, found in major metropolitan locations, as a vehicle for strengthening its position in cities.

Advertising for the Crowne chain has basically been aimed to stimulate trial and has used direct mail to a large degree. The company has run some print ads for the chain in consumer business books such as *Forbes, Fortune* and *Business Week*, as well as in various in-flight magazines and the *Wall Street Journal*.

Holiday Corp. also franchises and owns a number of other chains. Its entry in the all-suites category is **Embassy Suites.** Established in 1983, the more than 14,000 suite, or unit, chain does not advertise against the all-suite market, arguing that it is still too small a segment to focus on. Instead Embassy, with it suites priced between $60 and $130, positions itself against the more upscale hotels.

Because 70% of its clientele is business travelers, Embassy offers most of the amenities more traditional hotels

do: meeting rooms, restaurants, cocktail lounges and even saunas. Indeed, their 1985 campaign, strictly print, was a comparative pitch that asked "Why stay at a Marriott . . .?"

Embassy also went into tv last January, running a flight through that month, and running another flight in May. Buys included the Super Bowl, the Kentucky Derby, *Wide World of Sports* and early morning news shows. Embassy's budget, which covers advertising, public relations and promotions, is more than $6 million for 1986.

Holiday Corp.'s offering to the budget-minded market is **Hampton Inn.** Though the two-year-old chain is only about 9,600 rooms, it plans to launch at least 60 properties a year for the next few years.

Hampton, with rooms that go for an average of $35 a night, began advertising last May, with its introductory pitches running in *USA Today*. After a summer hiatus, advertising will resume this fall in the same publication. The ads are a co-op effort with American Express, which will use the pitch to tell travelers that Hamptons are a new place to use their plastic.

While a lot of the chain's marketing dollars have been used to set up its reservations system, fund its public relations efforts and pay for appearances at trade shows, money has also been spent on billboard ads. As is the case with many chains, Hampton Inn has an advertising fund created by money kicked in by its franchisees, who together make up about 90% of the chain. However, franchisees also spend their own dollars to advertising in their respective regions.

Another Holiday Corp. chain is **Residence Inn** Co., a 9,714 suite chain of "residential-style" suites. The facilities cater to the extended-stay segment whose average booking is 12.9 nights (the industry average is 2.5 nights). The segment, says the company, still only represents about 5% of the market.

Priced, on average, at $60 to $70 per night, the Resident Inn idea takes the all-suite concept a step further. Room rates are structured so the longer a guest stays, the cheaper nightly rates become. In addition, while most suites feature what are basically small gallies, Residences have fully equipped kitchens stocked with sets of china, coffee makers, even popcorn poppers.

Residential-style suites, a step beyond all-suites, account for only about 5% of the market.

No mass media is used. Print buys focus on vertical publications, in-flight magazines and local newspapers.

BEST WESTERN INT'L

At Best Western International Inc., a 40-year-old chain, "We've been in a more aggressive posture since 1980," claims Malcolm Sills, director

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Kiwanis magazine now offers, as a merchandising service to advertisers, access to our readers in the best possible environment — face-to-face, where it counts the most — their own communities.

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of advertising. "We used to be able to rely on our locations, our directories and signs."

With 65% of its domestic properties in "roadside" locations, the chain has also had to wake up to the fact that it can no longer rely on car travel to fill rooms (although the bulk of Best Western's business still comes from "walk-ins"). The chain, with 164,701 rooms domestically, according to Laventhol & Horwath, is largely positioned as a mid-priced lodging. It does, however, have some more upscale properties in a number of metropolitan areas and some resort hotels.

The chain's primary target is the empty-nesters, those older than 45. In addition to a frequent guest promotional program that tosses a U.S. savings bond into the deal, the chain runs two programs aimed at its primary audience. One offers discounts to senior citizens and another cuts room rates for members of the American Legion. Chain-wide, the clientele is about 50% business traveler, 50% leisure.

Best Western is set up as a franchise operation. Franchisees contribute money for company-wide advertising, which this year should total $7.1 million, according to Sills. The 1987 allotment is $7.8 million. But the franchisees also do local advertising, which Sills terms as "critical."

What is a Best Western?
"The place to stay wherever you travel, almost."
Best Western
INDEPENDENT WORLDWIDE HOTELS
The right place at the right price.
Make reservations at any Best Western, see your travel agent, or call
1-800-528-1234

Best Western uses a barter firm to help it stretch its media dollars.

Best Western stretches its marketing message in a way that's rare in the industry. It has registered a number of rooms with a barter firm that allows it to trade for print media space or tv time. Sills estimates the barter arrangement gives the corporation's ad budget the effectiveness of a $10 million one.

Tv buys featuring the slogan, "The right place to stay at the right price," are all network and cover early news, sports and some prime time, including *The Cosby Show*.

Best Western also pitches on cable television, primarily CNN and ESPN. Radio is an important part of the chain's media plan, too. Though it makes buys in drive time, Sills says late evening is a particularly good time to reach weary travelers.

Print ads run in publications such as *Venture*, *Nation's Business*, *National Geographic Traveler*, *Travel & Leisure*, as well as in-flight books.

The chain, with average room rates of $38 per night, also advertises in the yellow pages as well as the American Automobile Association's tour books.

HILTON HOTELS

Hilton Hotels Corp. segments its 273 Hilton properties not by price, but by location: airport, suburban, resort, convention center or downtown hotel. All of the chain's 100,065 rooms are luxury-priced and up.

More than three years ago, Hilton shifted the bulk of its roughly $18 million ad budget to the corporate guest, billing itself as "America's business address." The company reports that 85% of its business comes from conventions and frequent business travelers, and the target is reached through both spot and national tv buys.

In addition, Hilton tailors 40 different tv ads to suit various sites. They center on morning and evening news plus weekend sports shows. Cable's ESPN runs Hilton ads, too. The company says it also buys heavily into radio in the country's top 10 markets.

Print advertising focuses on consumer business books: *Business Week*, *Forbes*, *Fortune*, and the *Wall Street Journal*, in addition to more targeted publications.

Leisure travelers, though a small part of Hilton's business, have been singled out with a new ad campaign. Increased competition in this segment plus the potential to lure Americans who were expected to travel the U.S.A. during the summer were two reasons for the push.

'Tis the season to be 50.

Our readers have taken an average of 4.5 domestic trips in the last 12 months – with 25% taking 5–9 trips.

50plus

850 THIRD AVE. • NEW YORK, NY 10022 • (212) 715-2781

Summer campaign: Hoping to cash in on the anticipated boom in domestic travel.

The summer campaign, called "Great American vacation" and starring company president and CEO Barron Hilton, focused on the chain's resort and gaming establishments. Tv spots ran during big-draw events, such as the Liberty Weekend, Wimbledon and the French Open. It was also pitched on radio in the top five markets and in Sunday supplements. Weekend-packages were advertised in magazines such as *Travel & Leisure*, *Signature* and *California*.

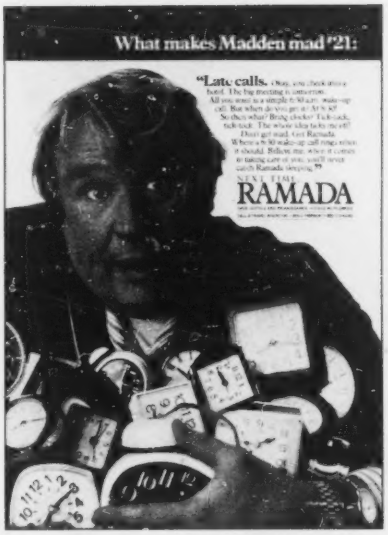
The company is also going after the senior citizen, having recently set up its LXV Club. Members, 65 years and over, pay a fee of $999 which entitles them to a year's worth of double-occupancy stays at Hilton hotels.

SHERATON HOTELS

Sheraton Hotels Corp. has been pursuing a more upscale image for the chain over the last couple of years — even though its 99,101 rooms are already mid-priced and above, according to Robert Quinn, vice president/director of advertising.

In line with this idea are the growing number of "Sheraton towers," something akin to a luxury hotel atop a hotel. Aimed at the business traveler, they feature fancier rooms and amenities like separate check-in and concierge service.

Serving as foundations for some of those towers are Sheraton's three longer-standing lines of properties: hotels, inns and resorts. Here, Sheraton has set up new rate structures to promote the price/value idea and has launched weekend packages. "We are becoming much more conscious of our



Ramada focuses its ads on the business traveler, 30% to 40% of its trade.

A Tale of Two Cities

In either the best or worst of economic times, it doesn't make sense to buy newspapers that can't effectively reach the whole Seattle-Tacoma CMSA. Though Tacoma is but a mere 35 miles south of Seattle, it is a market largely unreached by Seattle newspapers.

If you want to reach the entire metro area, add The Tacoma News Tribune to your advertising schedule. You'll reach 236,400 adults every day.

Reach the Tacoma portion of this market with a Tacoma newspaper. In terms of gaining results, it would be a far, far better thing to do.

For more information, contact Doug Harris at 206-597-8757 or talk to a Sawyer-Ferguson-Walker representative.

The Tacoma News Tribune

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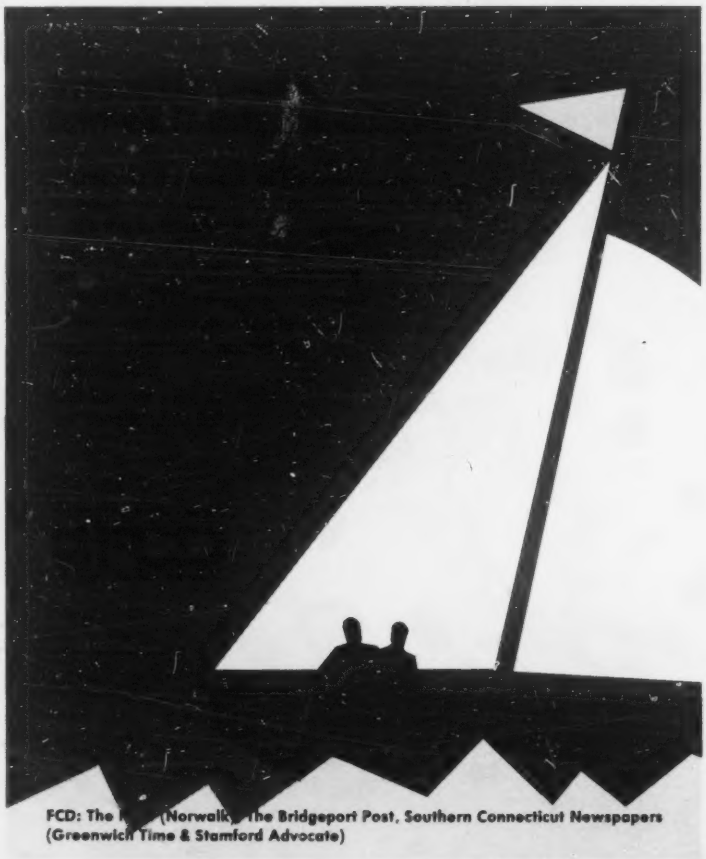


FCD: The [illegible] (Norwalk), The Bridgeport Post, Southern Connecticut Newspapers (Greenwich Time & Stamford Advocate)

retail selling needs versus traditional image advertising," says Quinn.

Umbrella ad campaigns serve all three Sheraton lines: "We don't want to over-fragment ourselves and cause confusion among consumers," explains Quinn. Seventy percent of all Sheraton properties are franchised, and each hotel usually runs some customized advertising of its own. The $15 million corporate advertising budget this year primarily targets frequent business and group travelers.

Business travelers are reached through *Time, Newsweek, Fortune, Sunset, Southern Living, Business Travel News,* the *Wall Street Journal, USA Today* and regional newspapers and magazines. Tv ads appear for business travelers, too, mostly on morning and evening news, as well as sports. Prime time slots are rare, however, because the company feels the audience delivery isn't strong enough.

Sheraton finds group travelers are more effectively reached with ads in trade and vertical books such as *Successful Meetings* and *Sales and Marketing Management*. In-flight books are part of Sheraton's media buy, too.

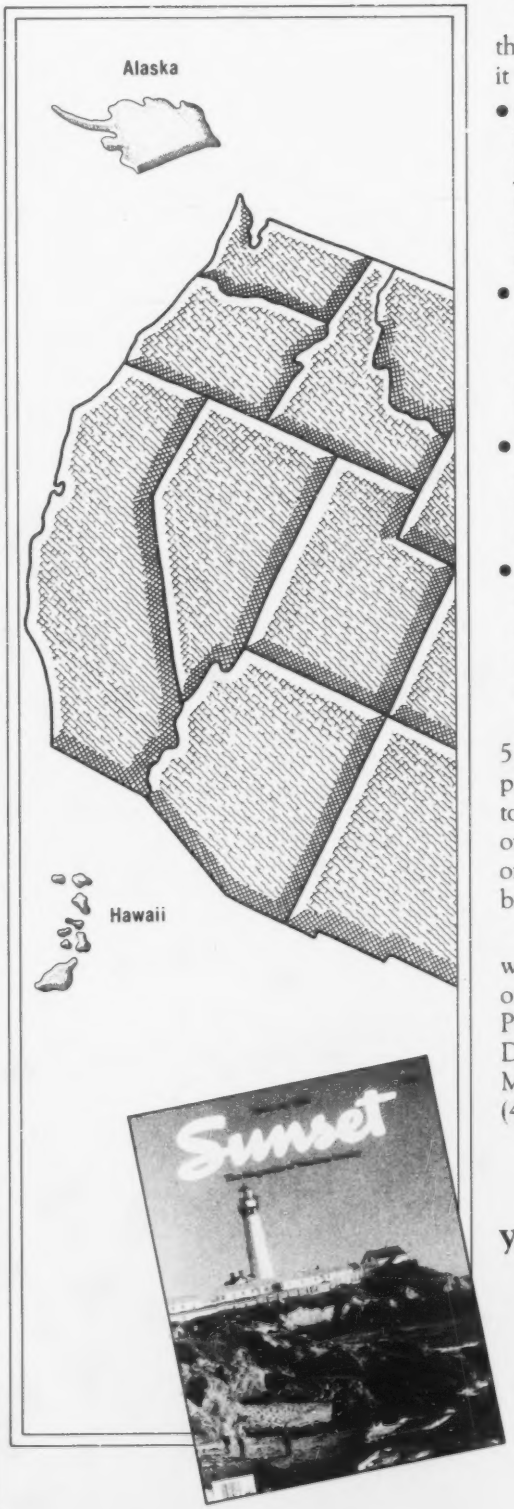
RAMADA INNS

"Three years ago, we were basically doing what 50% of everybody else was doing," recalls Jerry Gelinas, senior vice president of marketing at Ramada Inns Inc. "We'd show the properties and show the smiling staff — it was image advertising but ineffective image advertising because it wasn't believable to the traveler."

But the fifth largest domestic chain, which is 80% franchised and offers 85,373 rooms, recently had to drop another approach. Franchisees, which account for 80% of Ramada's hotels, had complained that the campaign emphasized the negatives of staying in a hotel. "We had been depicting things like the 6 a.m. wake-up call that never comes," says Gelinas. In February, it opted for a softer — though still direct — approach, featuring ex-football coach John Madden.

While Ramada covers almost every segment, from mid-priced inns to resorts, the focus of its ad efforts are business travelers. Leisure travelers, 30% to 40% of Ramada's business, are the secondary target.

Aim at the West first.



The regional quality of the Western market makes it your most critical target.

- Only three countries—the U.S., Soviet Union and Japan—exceed the West's current annual output of $839 billion in goods and services.
- The West is working. With 20% of the population, the region accounted for 25% of all jobs in the U.S. last year.
- 27% of new U.S. homes in the first four months of this year were started in the West.
- Westerners spent an average of $6,117 in retail stores last year, $325 more per capita than shoppers in the rest of the country.

Sunset reaches over 5 million of the West's most prosperous consumers. First to try new ideas and services or new twists on existing ones, they're likely your best customers.

To learn how Sunset can work for you in the West, call or write Dick Bristol, Vice President/Advertising Sales Director, Sunset Magazine, Menlo Park, CA 94025. (415) 321-3600.

In Sunset you get what you pay for.

Ad dollars for 1986 will total $8 million, according to Gelinas, and jump to more than $10 million for 1987. The business traveler's media plan is in print, *USA Today*, *Sports Illustrated*, *Newsweek*, *Business Week*, the *Wall Street Journal* and in-flight magazines. No tv had been run until this fall, when spots were bought on weekend sports, prime time like *60 Minutes* and morning news. This supplements a low budget for national radio.

For the leisure group, which is much more segmented than the business, Ramada pushes promotional offers to

A trade publication pitch to the business traveler.

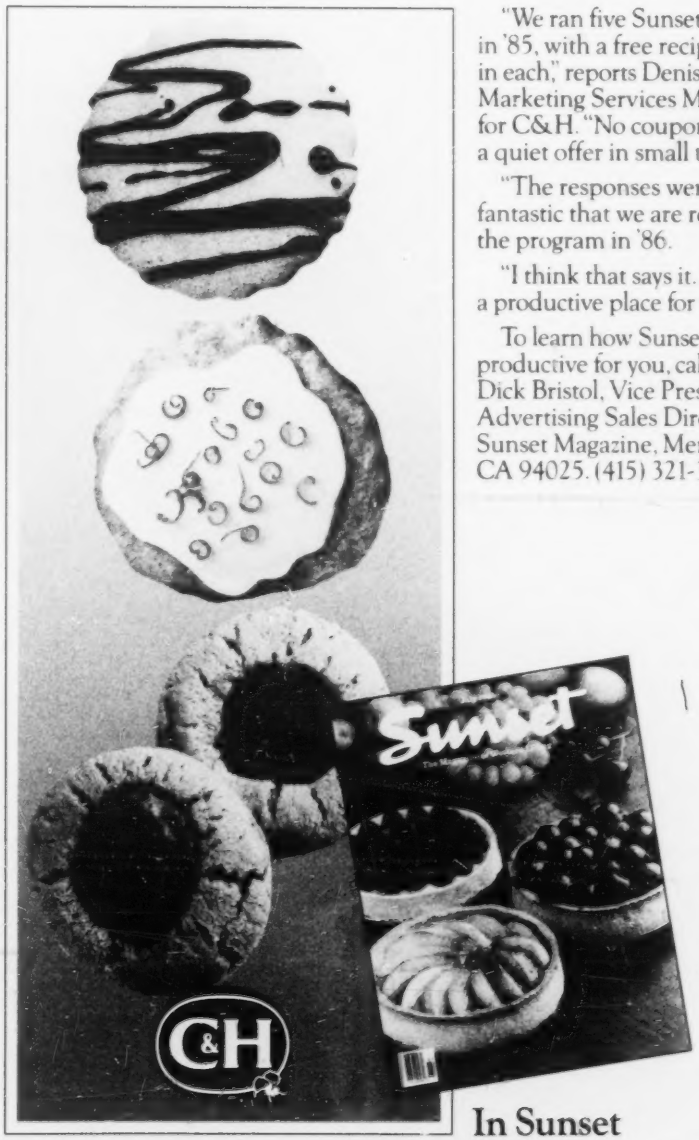
families, seniors and weekenders. Buys are in *USA Weekend*, *Time*, *TV Guide*, *Reader's Digest*, *People* and AAA Tour Books.

QUALITY INNS INT'L

At the 79,730 room Quality Inns International, a management shakeup staged in the early 1980's filled the top slots with marketing people who adopted the segmentation strategy. Three hotel lines and three lines of all-suite lodgings were born. **Comfort Inns** and **Comfort Suites** fall into the budget bracket. **Quality Inns** and **Quality Suites** are more moderately priced, and **Quality Royale** and **Quality Royale Suites** are mid-to-upper priced.

In addition, the new managers launched the company's first-ever na-

Sunset generates a sweet return for C&H Sugar.



"We ran five Sunset pages in '85, with a free recipe offer in each," reports Denise Bina, Marketing Services Manager for C&H. "No coupons, just a quiet offer in small type.

"The responses were so fantastic that we are repeating the program in '86.

"I think that says it. Sunset is a productive place for us to be."

To learn how Sunset can be productive for you, call or write Dick Bristol, Vice President/ Advertising Sales Director, Sunset Magazine, Menlo Park, CA 94025. (415) 321-3600.

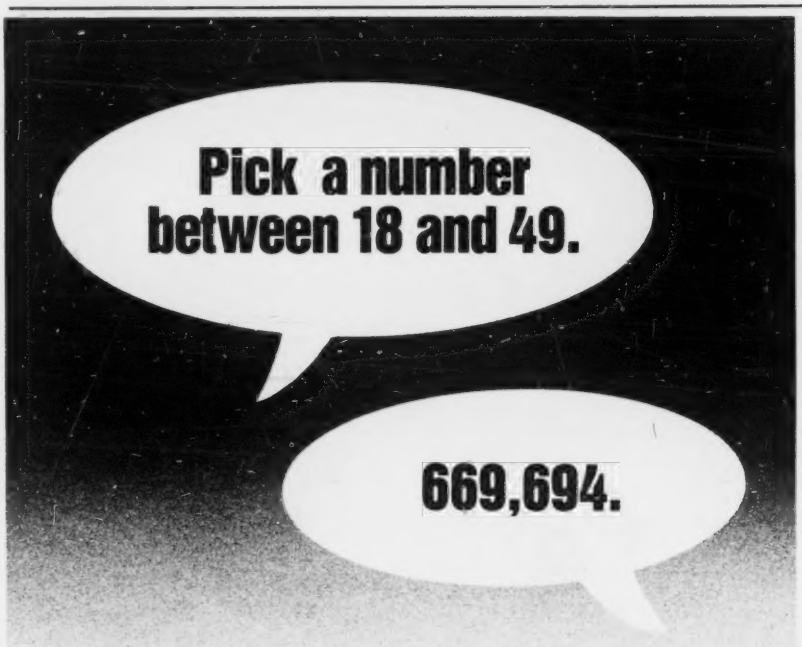
In Sunset you get what you pay for.

tional tv advertising to boost awareness. The $8 million advertising budget helps to project a price/value strategy. Media buys include prime time tv, such as *Dynasty*, and early morning news shows. Major magazines are bought as well as *USA Today*.

Despite Quality's moderate-to-low price image, it has rather conspicuously avoided that industry favorite — the frequent guest promotion. "We saw it as a real expensive option," explains Lynn O'Rourke Hayes, director of marketing communications. "We saw competitors who were in financial difficulties as a result [of them]."

However, Quality is starting a promotion to seniors this month called Prime Time. It features discounts on rates, but also incorporates an educational program designed to make traveling seem less forbidding.

Two years ago, Quality announced a chain-wide policy, designating 10% of each property's rooms as "no smoking" units. "The response has been tremendous," says Hayes. "People really like having the choice." In an uncommon move, Quality donates $2 from each reservation to the American Lung Association.

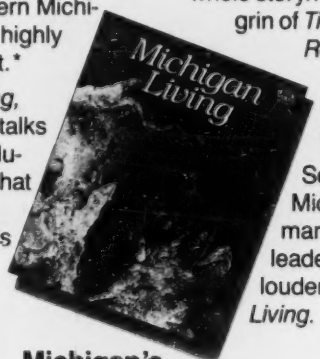


The word is out on *Michigan Living's* reader profile in the nine-county Detroit ADI. It's coming through loud and clear about our 669,694 readers in the 18 to 49 age group. Fact is, 63% of our 1.1 million readers in southeastern Michigan fall into this highly desirable market.*

In *Michigan Living*, your advertising talks to an affluent, educated audience that responds on impulse and spends with ease. Our readers start clipping coupons, dialing toll-free numbers and placing orders the day their issues arrive. And they keep responding well into the month. And beyond.

Our latest media kit tells the whole story...much to the chagrin of *Time*, *Newsweek* and *Reader's Digest*...and it's yours simply by calling 313-336-1516.

So for big numbers in Michigan's 18 to 49 market, talk to the leader. No one speaks louder than *Michigan Living*.



Michigan's best read magazine

*Source: 1985 Scarborough Report.

MARRIOTT CORP.

The Marriott Corp. has shifted its marketing strategy since undertaking a major research project five years ago. One key move has been to shift focus away from the group-meeting customer, who contributed only 40% of sales, to the more important business traveler, who accounts for 45% of the total.

Marriott's research on those business travelers showed they placed the highest priority on quick check-in/check-out. As a result, some Marriotts now feature video check-out. A guest can type his credit card number into the hotel's computer system via a keyboard in his room.

In addition, the research led Marriott, like many of the industry's main players, to revamp nearly every room in the system. "It affected our room decor, our layout, even our air conditioning and ventilation systems," says the company's vice president of marketing, Roger Dow.

Weekender rates are now standard promotional tools.

With a budget the company says tops Leading National Advertisers's figure of $7.3 million, Marriott reaches business travelers with ads in the *Wall Street Journal* and in in-flight magazines of major airlines. It is one of the few in the industry to use direct mail for business travelers.

The leisure traveler sees ads on billboards and in large metro dailies. Network tv is used mostly to advertise rate specials. Marriott buys in daytime, evening news, prime and fringe slots.

Print is bought to advertise to meeting planners. Buys include *Meetings and Conventions, Meeting News, Travel Weekly* and *Travel Agent.*

Most Marriotts are franchised hotels or resorts, but it also operates a few luxury properties, such as the huge Marriott Marquis hotels in New York City and Atlanta — each with over 1,500 rooms. Its current room-count standing at 65,665, Marriott is introducing three new types of hotels.

By year's end, Marriott plans to have 40 "residential" style hotels in operation.

By the end of the year, Marriott plans to have 40 "courtyard" properties in operation. These are one-to-four story "residential" style hotels that look like condominiums.

By mid-1987, Marriott expects to open the first of its "compact" hotels. These downsized but full-service hotels are to be based in mid-sized cities. And Marriott is also jumping into the all-suite segment. The first of its line should open next February.

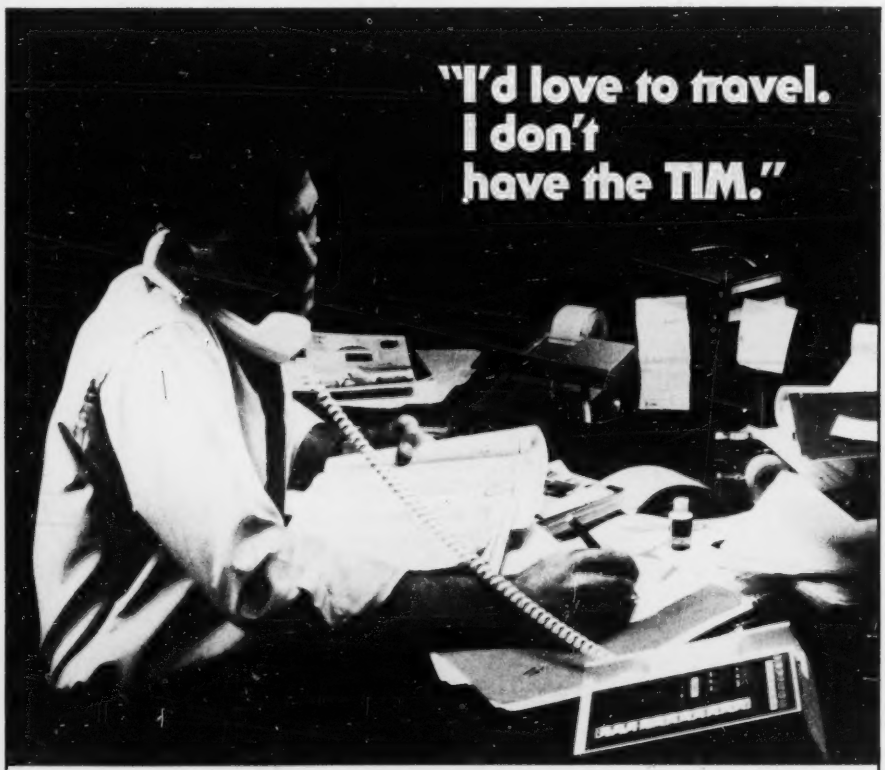
PRIME MOTOR INNS

Before its 1985 acquisition of Howard Johnson Co., Prime Motor Inns operated largely as a builder and franchisee for other hotel companies, including Holiday Inns, Sheraton and Hilton. But this recent purchase makes holding company Prime the eighth largest domestic hotel chain, with what the company says are about 61,500 rooms.

A trade ad pitching new franchisees.

Each operation is in charge of its own advertising. Prime franchisees kick in the usual fees for marketing (often around 1% of a property's revenues), their ads being in line with the franchisor's current campaign.

Howard Johnson has grown quite competitive since it was caught short during the lean years of the late 1970's. Then, it had no marketing machine to



Travel takes TIM—Time, Inclination and Money. Many hardworking business and professional people have the last two, but can't spare the time. Travel-Holiday readers, however, have all three. Our 2.1 million mature adults average 11.6 domestic and 1.6 international trips annually. They spend over a month away each year! Reach people with the TIM to travel by putting Travel-Holiday to work for you. For our new media kit, contact Ruth Halpert, Adv. Dir., Travel-Holiday, Travel Building, Floral Park, NY 11001. (516) 352-9700.

Time, Inclination and Money. Our readers have it.

TRAVEL-HOLIDAY
GOT A COMET BY THE TAIL
Where to Tame the Beast

*Source: Erdos & Morgan, 1985.

counter the loss in highway travel due to the oil crunch. "Now, we have to get off our duffs and start marketing," thumps Bud Watters, vice president of sales and marketing for the Howard Johnson division.

But there is a lot of work to be done if it is going to survive. One important need is to clarify that it is no longer in the restaurant business. (Ho Jo restaurants were sold to Marriott.) "We have to communicate to the world that we are a hotel company — not a restaurant chain or a turnpike stopping place," explains Watters.

Another is to hastily segment itself. Already, the chain has four types of lodgings, ranging in price from budget to high-moderate. And the days may be numbered, Watters confides, for those orange-roofed Howard Johnson motor lodges that have beckoned highway travelers for years.

In keeping with its more aggressive profile, Howard Johnson's ad dollars are expected to increase from the 1986 level of $5 million to $6 million. The company's promotion budget is slightly less and it offers discount-oriented deals aimed at seniors and business travelers. Ads emphasize the fact that Howard Johnson is turning itself upside down. Tv buys include early morning news and sports. Print buys are seen in *USA Today*, *Modern Maturity*, *Reader's Digest*, *Business Travel News*, *Travel Weekly* and Sunday supplements. Outdoor advertising is heavy in various regions.

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TRAVEL-HOLIDAY

GOT A COMET BY THE TAIL

DAYS INNS

The marketing at Days Inns of America Inc. is done according to the "brand team" concept. The 48,053 room lodging chain's marketing department is divvied up by segment — seniors, the military, government, sports and education, business, etc. As with the brand manager idea, each team oversees everything having to do with its target group, from research to media buying.

According to Michael Leven, president, the company is spending about $7 million on advertising this year. Very little of it, however, is national tv advertising. "My personal feeling is that tv is the best medium, but we just can't afford it. There's no staying power with tv unless you can sustain it," he explains.

Days Inns has "brand teams" that oversee marketing to the company's different targets.

Most of the chain's media dollars go to magazines. Among others, it advertises in *Travel Holiday*, *Better Homes and Gardens*, *Modern Maturity*, inflight books and even specialty newspapers like *Stars and Stripes*. *USA Today* is also on the schedule.

Days Inns positions itself in the

economy bracket. It attributes the very healthy growth it's achieved over the last year as much to promotional programs as to advertising. Last year it ran, for example, a tie-in with Blue Bonnet margarine through which consumers could redeem seals for a free night's stay at a Days Inns.

MOTEL 6

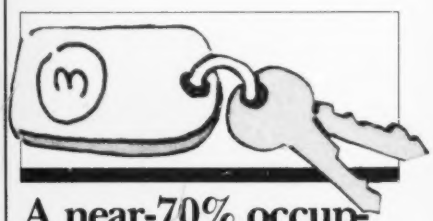
Motel 6 Inc. got its name from the fact that when the chain sprung up in the early 1960's, rooms were $6 nightly. Motel 6's 45,157 rooms are the epitome of the industry's nickname for the economy segment — "two beds in a box" — and the company is rather proud of that fact. "The concept hasn't changed much in 25 years," boasts Hugh Thrasher, vice president of marketing. "We offer a clean place to stay at a low price." Every Motel 6 property is company owned and operated.

The company does very little advertising, depending heavily on the circulation of its Motel 6 directories for communication. Highway billboards get much of the message across, too. And, says Thrasher, that invaluable intangible — word of mouth — is a strong component of the marketing plan. "There is almost a cult of loyal Motel 6 customers," he says, adding that the chain enjoys average occupancy rates of 70%.

Seventy percent of Motel 6's guests are leisure travelers, but it hopes that anticipated cost-cutting by corporations due to the new tax laws will send more business travelers its way.

But of its current clientele, none seems to mind the fact that the rooms, $19.95 nightly, have only showers, no bathtubs. Thrasher says research shows that many guests, especially women, "don't trust the hygiene level of hotel bathtubs."

Motel 6 has no plans to install tubs in the near future, but it does plan to update in one important way: Soon Motel 6's will have telephones in each room. "It's an amenity we didn't have for 25 years," states Thrasher with a hint of a chuckle. Then he adds, "We hope it's an amenity other hotels won't copy!" ■



A near-70% occupancy rate: "There is almost a cult of loyal Motel 6 customers."

For Travel-Holiday readers, however, it's a whole other ballgame. They have the TIM—Time, Inclination and Money—to travel. Averaging $41,700 in income, 59 years of age, kids out of college and mortgages paid, our readers have a large discretionary income to spend on your travel goods and services. Add to that a surprisingly low CPM, and you'll agree, Travel-Holiday is a big hit for your advertising dollars. For our new media kit, contact Ruth Halpert, Adv. Dir., Travel-Holiday, Travel Building, Floral Park, NY 11001. (516) 352-9700.

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*Source: Erdos & Morgan, 1985.

ECONOMIC EYE

CHARTING THE HITS IN SPOT RADIO

The performance of national spot radio in the top 50 markets through July of 1986 shows an almost perfect split between plus and minus business, according to Radio Expenditure Reports.

Of the top 50 markets, 26 are up in business and 24 are down. The net result for all markets is a seven-month spot radio expenditure score of +0.5%.

Among the markets showing increased national spot billings as reported by radio rep organizations are: Dallas/Ft. Worth, Philadelphia, New York, Providence/Warwick, Baltimore, Tampa/St. Petersburg, Pittsburgh, St. Louis, Milwaukee/Racine and Denver/Boulder.

On the down side are: Detroit, Boston, Los Angeles, Houston/Galveston, Washington, D.C., San Francisco, Chicago, Phoenix, Minneapolis/St. Paul and Seattle/Tacoma.

Big gains were made beyond the top 100 markets, where business increased 17.4% for the year through July 1986.

1986 vs 1985 Spot Radio Business Expenditures

	1985 (00)	1986 (00)	1986 vs. 1985 % Change	1986 vs. 1985 % Change YTD
January	38,805.5	37,538.2	−3.3%	−−
February	51,731.6	49,814.6	−3.7%	−3.5%
March	82,548.9	80,799.4	−2.1%	−2.9%
April	70,959.2	73,531.8	+3.6%	−1.0%
May	83,817.6	87,888.1	+4.9%	+0.5%
June	104,334.7	101,433.8	−2.8%	−0.2%
July	71,356.1	75,138.7	+5.3%	+0.5%

Source: Radio Expenditure Reports

National Spot Business by Market January-July 1986 vs. January-July 1985

TOP 10 MARKETS:

Dallas/Ft. Worth	+6.0%	Los Angeles	−3.8%
Philadelphia	+4.9%	Houston/Galveston	−5.0%
New York	+2.0%	Washington, D.C.	−6.1%
Detroit	−3.5%	San Francisco	−6.5%
Boston	−3.7%	Chicago	−7.1%

Markets 11-25: Seven up; eight down

Markets 26-50: 16 up; nine down

Total, Top 50 markets: 26 up; 24 down

Source: Radio Expenditure Reports

Magazine Ad Scorecard

	Ad Pages Aug. 1986	% change from Aug. 1985	Dollars spent (000)	% change from Aug. 1986
1. Skin care, Creams, Lotions and Oils	83.73	−16.48%	$ 2,029.2	−26.79
2. Lip and Eye Beauty Products	53.83	−41.76	1,787.9	−45.41
3. Scents and Fragrances	116.10	+13.31	3,258.4	+12.27
4. Facial Makeup Products	46.30	−6.14	1,709.6	+17.23
5. Prepared dinners and Entrees (including pizzas)	19.52	−40.12	1,102.9	−38.67
6. Liquor	155.99	−31.55	6,815.2	−22.84
7. Cigarettes	522.38	−28.27	29,236.5	−14.70
8. Soaps and Detergents	44.63	+0.40	2,634.9	+7.65
9. Passenger Cars, Domestic	126.01	+13.13	6,733.1	+38.29
10. Passenger Cars, Imported	215.70	−17.72	10,924.9	−6.04

Source: Publishers Information Bureau as prepared by Leading National Advertisers